

## Releasing Money for God's Mission

1. The Council will recall that in 2013 it appointed a working party to respond to three memorials to the 2013 Conference that sought to release unallocated monies from unrestricted funds held by churches, Circuits and Districts for the purpose of encouraging mission.
2. The Conference in response to the recommendations from the Council directed each Circuit to provide an annual summary of all monies and investments held in each Local Church and forward that statement to the District Treasurer with the Standard Form of Accounts.
3. The working party also proposed that SO 955(6)(a) was amended to ensure an annual contribution to the district Advance Fund was made on local Church model trust capital as well as that of the Circuit's. It transpired that the effect of the proposed Standing Order change would be minimal as it would only apply to local church model trust capital held by TMCP. It would not apply to such capital held in local church bank accounts or capital held with the Capital Finance Board. There are questions as to why model trust capital is being held somewhere other than TMCP given the Standing Orders require that Model Trust capital is held by the custodian trustee. It is apparent that some bodies are not adhering to the requirements of Standing Orders.
4. The recommendations to amend SO 955(6) to the 2015 Conference were referred back to the Council due to concerns raised during the meeting of the Conference that the amendment to SO 955(6). The concerns were that the amendments were unworkable due to how TMCP hold funds, would not have the intended effect due to it only applying to local church model trust capital and that the current Standing Order was not being implemented as the levy was not being taken on capital model trust bequests. Concern was also raised that local churches and circuits would withdraw significant funds from TMCP accounts.
5. The Connexional Team was directed to report to the Council on proposals for further work following discussions with TMCP. It is clear from conversations with TMCP that there are serious concerns about the effect of a Standing Order amendment would have on the money held by TMCP and that local churches would shift money out of TMCP and into the CFB or hold it locally. It was also evident that TMCP cannot implement the current requirements of SO 955(6)(a) which are to levy model trust capital from a bequest. It has also become apparent that there are not significant sums held as local church model trust capital as SO 945 now provides that the majority of model trust capital arises from the sale of church property which is held on as circuit model trust capital not local church capital. The proposed amendment to SO 955(6) would therefore reallocate monies that are held in unrestricted funds by local churches and circuits.
6. However upon reviewing a report to the Conference in 2004, *Releasing Resources for Mission: Review of Circuit and Other Advance Funds* it is apparent that considerable thinking has already been given to the question of how to ensure unrestricted funds with no agreed purpose are reallocated for mission projects across the relevant District or the wider connexion.
7. The 2004 report recommended each trustee body should have a mission policy and a reserve policy and for each local church, these policies would be agreed by the Circuit

Meeting. It was also recommended that where there are unreserved funds and no agreed plans or projects for their use within the next 5 years, each local church should make proposals for how those funds should be utilised elsewhere across the connexion. The report provides at appendix 2 a list of possible ways of utilising the unreserved or not designated funds, as follows:

*The following suggestions are options open to Methodist charities. They are NOT directives. It is a matter for the trustees to decide how any money is used for the purposes of the charity or those of a different charity.*

a) *Local churches may decide to:*

- *transfer moneys to another local church in the Circuit for its General Fund*
- *transfer money to the Circuit General Fund*
- *transfer money to the District General Fund*
- *transfer money to the Methodist Church Fund*

b) *Circuits may transfer surplus General Fund moneys to:*

- *another Circuit's General Fund*
- *its District's General Fund*
- *the Methodist Church Fund*

*Circuit Advance Fund moneys may be transferred to:*

- *another Circuit Advance Fund*
- *its District's Advance Fund*
- *the Connexional Advance and Priority Fund*

c) *Districts may transfer General Fund money surplus to requirements to:*

- *another District's General Fund*
- *the Methodist Church Fund*

*Districts may transfer surplus District Advance Fund money to:*

- *other District Advance Funds*
- *the Connexional Advance and Priority Fund*

*(2004 Conference Agenda, pp. 144-5)*

8. Standing Order 012 was amended in 2005 to insert sub-section (6) :-  
The appointing body under clause (3) above shall adopt and set out with its annual statement of accounts a reserves policy for each of its funds, and a policy for the management of any Advance Fund, in accordance with guidance provided by the Connexional Team. The initial adoption of, and any change in, every such policy requires the approval of the body designated for that purpose by the Methodist Council.
9. Each trustee body must now have a reserve policy for each of its funds. Standing Order 955(7) provides that the District Policy committee shall from time to time but at least every 3 years review the state of the circuit model trust funds and may propose project for the use of the model trust funds within the District. However it is evident that the policy adopted by the Conference that each local church and circuit should have an agreed mission policy for and five year plans for use of unrestricted money has not been implemented in many local churches or circuits nor put into Standing Orders. The Council is therefore asked to reconsider the 2004 report to the Conference to see whether the proposals for mission policies and five year plans with the relocation of unrestricted funds is one the Council wants to affirm or amend. Appendix 2 to the 2004 report is given above; sections 15 and 16 are appended below.
10. If the 2004 policy is to be affirmed by the Council it is likely that guidance is needed for local churches, circuits and districts on developing mission policies and how unallocated money should and can be utilised for other projects. There would also clearly need to be some

encouragement for local churches and circuits to engage with the principle of connexionalism and understand the reasons for reallocating money. This policy could also link with the recent suggestions made by the Secretary of the Conference to review SO 962.

From *Releasing Resources for Mission: Review of Circuit and Other Advance Funds* – report to the 2004 Conference

### **15. Reserves Policy – General Guidance**

Guidance on Reserves Policy is set out in Appendix 1

Methodist trustees must set out their policy on reserves. In practice many churches will not be in the position of holding more money than they require to meet their commitments. Their policy may simply conclude that the level of funds held is sufficient only to meet their current needs and future commitments.

The Working Party therefore proposes the following approach to reserves of any description whether they be held in Circuit Advance Fund, District Advance Fund, Central Finance Board accounts, Trustees for Methodist Church Purposes trusts or funds held in an ordinary bank account.

Each trustee body (local church, Circuit, District etc) should set out its mission policy including its aims and objectives. Any financial implications would be estimated and taken into account.

A Reserves Policy should be agreed in accordance with the guidance in *“Managing Trustees and Methodist Money”* and the Charity Statement of Recommended Practice (SORP).

Any future projects or plans for the next five years should be considered and relevant costings assessed.

Where there are still funds which are surplus to requirements the trustees should make proposals for their use elsewhere within the Methodist Connexion.

### **16. Working Party Recommendations**

The following recommendations are presented to the Conference (via the Methodist Council).

- 16.1 That proceeds of sale of Model Trust property continue to be paid into the Circuit Advance Fund in accordance with the terms of the present Standing Order 955(1).
- 16.2 That Circuits wishing to promote a ministry project apply as now to the District for a grant which is within the wider purposes of the District Advance Fund. Where such a request involves the use of Circuit Advance Fund (CAF) money, once the District has approved the request the grant will be made from the CAF. The purposes of the CAF would need to be amended accordingly.
- 16.3 That the link with income be removed in determining the amount to be withdrawn from Circuit Advance Funds for non-capital purposes and that Interest on Circuit Advance Fund (ICAF) schemes be discontinued.
- 16.4 That up to £10,000 may be withdrawn annually from a Circuit Advance Fund for any Methodist purpose.

- 16.5 That Standing Order 955(4) be amended to increase the mandatory annual contribution (currently 1%) from the capital money held in each Circuit Advance Fund to the District Advance Fund to:  
Two and a half per cent on any balance up to £100,000, or the first £100,000 of larger balances;  
Five per cent on any excess balance over £100,000. *[As amended DR 7/53/1]*
- 16.6 That reserves policies be implemented at every level i.e. church, Circuit and District. The proposal is that each Circuit will review the annual accounts of each church within the Circuit at the time the accounts are reported under the Excepting Regulations. At present this means via Schedule B. The full definition of reserves is set out in Appendix 1 but, briefly defined, they are moneys held by the charity which are uncommitted.
- As stated in Section 9 above, money in Circuit Advance Funds is capital which is not available for the general purposes of the church. However, Standing Orders allow the flexibility to widen their use in conjunction with the District. They can also be used to make capital grants to other Circuits and local churches.
- 16.7 **Releasing Methodist Money for Mission**  
Where Methodist trustees have agreed their mission policy and established a Reserves Policy any funds surplus to requirements should be made available for the wider mission purposes of the Church.  
This is a sound connexional principle and we outline in Appendix 2 some of the options open to each body.  
These proposals must be agreed by the Circuit Meeting for each church, the District Policy Committee for each Circuit and the Resourcing Mission Grants Committee for each District.  
The recommendations relate to unrestricted general funds and to Model Trust money. Where trustees are holding a restricted bequest they should seek guidance from the Trustees for Methodist Church Purposes. Reserves policies do not apply to Permanent Endowment Funds.
- 16.8 The annual distribution of Connexional Advance and Priority Fund 25% levy income to District Advance Funds.  
That the Resourcing Mission Grants Committee in apportioning this amount annually between the District Advance Funds should take account of those Districts not expending their grant-making moneys. A contribution to a particular District Advance Fund may not be made in a particular year if in fact there are surplus funds in the District Advance Fund.
- 16.9 **Connexional Advance and Priority Fund**  
That the levy on proceeds of sale exceeding £100,000 should remain at 25% as now. However, the bands should be simplified by introducing a single levy tariff of 15% on all amounts up to £100,000.
- 16.10 **Bequests**  
That the amount available for withdrawal without formality on all model trust bequests be increased from £5,000 to £20,000.

- 16.11 That all relevant Standing Orders be re-written and simplified to reflect these changes.
- 16.12 These proposals are submitted for approval by the Conference for implementation as at the end of the connexional year 2004-05.  
This will allow trustees to plan accordingly and for relevant Standing Orders to be revised. Detailed Standing Order amendments will be brought to the Conference in 2005.

*(2004 Conference Agenda, pp. 141-3)*

**The Conference adopted the report (as amended in the Daily Record), resolved that the report would be its reply to M111(2003) and directed the Methodist Council to make appropriate arrangements for the implementation of these proposals, including the necessary changes to Standing Orders (Resolutions 20/1, 20/1A and 20/2).**